



# **First Unitarian Universalist Church of San Diego**

## **Gift Acceptance Policy and Guidelines**

*The mission of the First Unitarian Universalist Church of San Diego  
is to create community, nurture spiritual growth  
and to act on our values to help heal the world.*

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First Unitarian Universalist Church of San Diego, a not for profit religious organization organized under the laws of the State of California, encourages the solicitation and acceptance of gifts to First Unitarian Universalist Church of San Diego (hereinafter referred to as FUUSD) for purposes that will help FUUSD to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to FUUSD or for the benefit of any of its programs.

The mission of FUUSD is to: Create community, nurture spiritual growth and to act on our values to help heal the world.

## **Purpose of Policies and Guidelines**

FUUSD volunteers and staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of FUUSD. It is the purpose of these policies and guidelines to govern the acceptance of gifts by FUUSD and to provide guidance to prospective donors and their advisors when making gifts to FUUSD. The provisions of these policies shall apply to all gifts received by FUUSD for any of its programs or services.

## **Use of Legal Counsel**

FUUSD shall seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate. Review by counsel is recommended for:

- a. Review of closely held stock transfers that are subject to restrictions or buy-sell agreements
- b. Review of documents naming FUUSD as Trustee
- c. Review of all gifts involving contracts, such as bargain sales or other documents requiring the Charity to assume an obligation
- d. Review of all transactions with potential conflict of interest that may invoke IRS sanctions
- e. Other instances in which use of counsel is deemed appropriate by the Gift Acceptance Review Panel

## **Conflict of Interest**

All prospective donors shall be strongly urged to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. FUUSD will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the Partnership for Philanthropic Planning (formerly known as the National Committee on Planned Giving), shown as an appendix to this document.

## Restrictions on Gifts

FUUSD will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. FUUSD will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the bylaws or articles of incorporation, gifts that are too difficult to administer, or gifts that are for purposes outside the mission or ends of FUUSD. The Gift Acceptance Review Panel of FUUSD shall make all final decisions on the restrictive nature of a gift, and its acceptance or refusal. FUUSD will not accept gifts that violate the terms of the bylaws or articles of incorporation, gifts that are deemed by the Director of Operations to be too difficult to administer, or gifts that are for purposes outside the mission or ends of FUUSD. The Gift Acceptance Review Panel of FUUSD shall make all final decisions on the restrictive nature of a gift, and its acceptance or refusal.

## The Gift Acceptance Review Panel (GARP)

The GARP shall consist of the currently operating Exec Team of the FUUSD, usually consisting of:

- The Lead Minister of FUUSD
- The Assistant Minister of FUUSD
- The Director of Operations
- The Intern Minister of FUUSD
- The Director of Lifespan Faith Formation

The GARP is charged with the responsibility of reviewing all gifts made to FUUSD that require special attention, per this policy, properly screening and accepting those gifts, and making recommendations on gift acceptance issues where appropriate. The GARP may also undertake special projects at the direction of the Lead Minister or Director of Operations.

## Types of Gifts

The following gifts are acceptable:

- a. Cash
- b. Tangible Personal Property
- c. Securities
- d. Real Estate
- e. Remainder Interests in Property
- f. Oil, Gas, and Mineral Interests
- g. Bargain Sales
- h. Life Insurance
- i. Charitable Gift Annuities
- j. Charitable Remainder Trusts
- k. Charitable Lead Trusts
- l. Retirement Plan Beneficiary Designations
- m. Bequests
- n. Life Insurance Beneficiary Designations

The following criteria govern the acceptance of each gift form:

- a. Cash: Cash is acceptable in any form. Checks shall be made payable to FUUSD and shall be delivered to FUUSD's administrative offices.
- b. Tangible Personal Property: All gifts of tangible personal property shall be examined in light of the following criteria;
  - Does the property fulfill the mission of FUUSD?
  - Is the property marketable?
  - Are there any undue restrictions on the use, display, or sale of the property?
  - Are there any carrying costs for the property?
  - Unrelated Use. If the property will not be retained for use by the Charity, the gift officer must determine, prior to recommending the gift for approval by the Vice President, Development, a plan for selling the property for cash, including the anticipated time frame and marketing expense for the proposed sale.

The GARP shall make the final determination on the acceptance of other tangible property gifts.

- c. Securities: FUUSD can accept both publicly traded securities and closely held securities.
  - Publicly Traded Securities: Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt. In some cases applicable securities laws may restrict marketable securities; in such instance the GARP shall make the final determination on the acceptance of the restricted securities.
  - Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the GARP. However, gifts must be reviewed prior to acceptance to determine that:
    - There are no restrictions on the security that would prevent FUUSD from ultimately converting those assets to cash
    - The security is marketable
    - The security will not generate any undesirable tax consequences for FUUSD.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The GARP and legal counsel shall make the final determination on the acceptance of the closely held securities where necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

- d. Real Estate: Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, FUUSD shall require an initial environmental review of the property to insure that the property is not contaminated with environmental damage. Environmental inspection forms are attached as an appendix to this document. In the event that the initial inspection reveals a potential problem, FUUSD shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

Where appropriate, a title binder shall be obtained by FUUSD prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the GARP and by FUUSD's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of FUUSD?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

The congregation retains exclusive authority, per Article V of the bylaws, to "buy or sell any interest in real estate" and to "mortgage, encumber, or commit any asset owned by the Congregation." Therefore, the congregation would have to approve the acceptance of any gift of real estate if it came with mortgages or encumbrances. Likewise, should the executive choose to sell of the property after receipt, the congregation would have to approve such a sale.

- e. Remainder Interests in Property: FUUSD will accept a remainder interest in a personal residence, farm, or vacation home subject to the provisions of the above paragraph on real estate. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, FUUSD may use the property or reduce it to cash. Where FUUSD receives a gift of the remainder interest, expenses for maintenance, real estate taxes and any property indebtedness are to be paid by the donor or primary beneficiary.

The congregation retains exclusive authority, per Article V of the bylaws, to "mortgage, encumber, or commit any asset owned by the Congregation." Therefore, the congregation would have to approve the acceptance of any remainder interest in real estate.

- f. Oil, Gas, and Mineral Interest: FUUSD may accept oil and gas property interests, where appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the GARP, and if necessary, by legal counsel. Criteria for acceptance of the property shall include:
- Gifts of surface rights should have a value of \$20,000 or greater.

- Gifts of oil, gas and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
  - The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
  - If the interest is a working interest, the organization should determine the impact on FUUSD so that it may develop a plan to minimize that impact if accepted.
  - The property should undergo an environmental review to ensure that FUUSD has no current or potential exposure to environmental liability.
- g. Bargain Sales: FUUSD will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of FUUSD. All bargain sales must be reviewed and approved by the GARP. Factors used in determining the appropriateness of the transaction include:
- FUUSD must obtain an independent appraisal substantiating the value of the property.
  - If FUUSD assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
  - FUUSD must determine that it will use the property, or that there is a market for sale of the property, allowing sale within 12 months of receipt.
  - FUUSD must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.
- h. Life Insurance: FUUSD must be named as owner (and beneficiary) of an insurance policy before a life insurance policy can be recorded as a current and outright gift. Insurance policies are valued at the interpolated terminal reserve value if ongoing premiums are required. However, the donor's deduction is based on the lesser of the policy's fair market value or cost basis. (Policies that are contractually paid-up are rare and have different valuation and deduction amounts.) If the donor contributes future premium payments, FUUSD will designate the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, FUUSD may:

- Continue to pay the premiums
- Convert the policy to fully paid up life insurance
- Surrender the policy for its current surrender cash value

- i. Charitable Gift Annuities: FUUSD may offer charitable gift annuities. The minimum gift for funding shall be \$50,000. The GARP may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries can be permitted for any gift annuity.

Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The GARP may approve exceptions to this payment schedule.



FUUSD will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. FUUSD may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the GARP approves the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to such specific fund as designated by the donor (or, in the absence of a donor designation, the funds shall be handled according to the church's policy for unrestricted bequests).

- j. Charitable Remainder Trusts: FUUSD may accept a designation as remainder beneficiary of the charitable remainder trust. FUUSD will not accept appointment as Trustee of a charitable remainder trust.
- k. Charitable Lead Trusts: FUUSD may accept a designation as income beneficiary of a charitable lead trust. FUUSD will not accept an appointment as Trustee of a charitable lead trust.
- l. Retirement Plan Beneficiary Designation: Donors and supporters of FUUSD shall be encouraged to name FUUSD as beneficiary of their retirement plans. Such designations shall not be recorded as gifts to FUUSD until such time as the gift is irrevocable. Where the gift is irrevocable (i.e., upon death), but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
- m. Bequests: Donors and supporters of FUUSD shall be encouraged to make bequests to FUUSD under their wills and trusts. Such bequests shall not be recorded as gifts to FUUSD until such time as the gift is irrevocable (i.e., upon death). Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
- n. Life Insurance Beneficiary Designations: Donors and supporters of FUUSD shall be encouraged to name FUUSD as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as current gifts to FUUSD until such time as the gift is irrevocable (i.e., upon death). Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

## Miscellaneous Provisions

- a. Securing appraisals and legal fees for gifts to FUUSD: It shall be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to FUUSD. FUUSD cannot pay for, or provide funds for, the costs of an appraisal or legal fees.

- b. Valuation of gifts for development purposes: FUUSD shall record a gift received by FUUSD at its valuation for gift purposes on the date of gift.
- c. Responsibility for IRS Filings upon sale of gift items: The Director of Operations is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within three years of receipt by FUUSD where the charitable deduction value of the item was \$5,000 or greater. FUUSD must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an appendix to these policies.
- d. Acknowledgement of gifts made to FUUSD and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility the Director of Operations. IRS Publication 561 Determining the Value of Donated Property and IRS Publication 526 Charitable Contributions are attached to these policies as an Appendix.
- e. Once a gift is given/donated to FUUSD, it is the property of FUUSD and its use and/or disposition is at the sole discretion of FUUSD.

The Donor acknowledges below that he/she/they have read the foregoing Gift Policy and Appendixes as of the dates specified below.

**“FUUSD”**

**FIRST UNITARIAN UNIVERSALIST CHURCH  
OF SAN DIEGO**, a California religious corporation

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Robie Evans, Director of Operations

**“DONOR”**

By: \_\_\_\_\_ Date: \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_\_

## APPENDIX

### **Model Standards of Practice for the Charitable Gift Planner promulgated by the Partnership for Philanthropic Planning**

#### **Best Practices: Model Documents**

This model is provided for quick reference, to assist planners in auditing their current documents and planning for revision and enhancement. For more information about gift acceptance policies and procedures, refer to:

Newman, David Wheeler, "Effective Gift Acceptance Policies and Procedures," *The Journal of Gift Planning*, vol. 13, no. 2, 2<sup>nd</sup> quarter 2009.

As noted by the author, one size does not fit all, and we encourage planners to revise this model to reflect organizational priorities, past experience and culture.

#### **Gift Acceptance Policy: ABC Charity**

David Wheeler Newman

#### **II. Purpose**

The purpose of this statement is to articulate the policies of the Board of Directors of ABC Charity (the "Charity") concerning the acceptance of charitable gifts to the Charity. The Development Committee will adopt appropriate procedures to implement these policies.

#### **III. Responsibility to Donors**

- **General.** The Charity, its staff and representatives shall endeavor to assist donors in accomplishing their philanthropic objectives in providing support for the Charity.
- **Confidentiality.** Information concerning all transactions between a donor and the Charity shall be held by the Charity in strict confidence and may be publicly disclosed only with the permission of the donor.
- **Anonymity.** The Charity shall respect the wishes of donors wishing to support the Charity anonymously and will take reasonable steps to safeguard those donors' identity.
- **Disclaimer.** Each prospective donor to the Charity shall be informed that the Charity does not provide legal, tax or financial advice, and shall be encouraged to discuss all charitable gift planning decisions with his or her legal, financial or tax advisor before entering into any commitment to make a gift to the Charity.

#### IV. Gift Restrictions

- **Unrestricted Gifts.** To provide the Charity with maximum flexibility in the pursuit of its mission, donors shall always be encouraged to make unrestricted gifts to the Charity.
- **Budgeted Programs or Facilities.** The Charity may accept a gift that is restricted as to its use if the Charity's approved budget for the year in which the gift is to be accepted includes proposed funding for the specific program, purpose or facility for which the restricted gift is made.
- **Other Restrictions.** The Charity may accept a gift that is restricted as to a use if the Charity's budget for the year in which the gift is accepted does not include funding for the restricted use of the gift, with the prior written approval of the Vice President, Development.
- **Variance Power.** Unless otherwise approved in advance by the Vice President, Development, the Charity will reserve the right, in the document that restricts the use of the gift, to broaden or alter the purpose of the gift should it be determined in the future that the original purpose of the gift no longer meets the needs or serves the mission of the Charity.

#### V. Donor Recognition

- **General.** The Board of Directors, upon recommendation of its Development Committee, may establish criteria for the recognition and honoring of a donor with certain honors or benefits based on various giving levels achieved by a donor and the type of gift. These honors or benefits may include the listing of the donor's name on a roll or plaque of significant donors or the opportunity to receive invitations to donor recognition events.
- **Buildings and Other Facilities.** Except in the case of naming opportunities that appear on a schedule of naming opportunities approved by the Board of Directors in the context of a capital campaign, the development staff of the Charity shall make no commitments to a donor concerning the naming of buildings or other facilities without the approval of the Board of Directors upon recommendation of the Vice President, Development.

#### VI. Fiduciary Relationships

- **General.** Unless approved in advance by the Chief Financial Officer of the Charity, the Charity will not agree to serve as executor of a decedent's estate or as trustee of a living trust or other trust intended to serve as a person's primary estate planning document.
- **Trusteeship.** The Charity may serve as trustee of trusts to maintain its gift annuity reserve accounts, as required by relevant state insurance law, in connection with the

Charity's gift annuity program. The Charity may serve as trustee of charitable remainder trusts, provided that no less than 50% of the remainder interest in the trust is irrevocably dedicated to the Charity, and the charitable remainder trusts meet the minimum standards established from time to time by the gift planning procedures of the Charity. The Charity may serve as trustee of trusts only in circumstances in which its investment authority as trustee is unrestricted. The Charity will not serve as co-trustee of a trust.

#### VII. Commitment of Charity Assets

- **Bargain Sale.** Commitment of funds of the Charity in a bargain sale transaction to acquire assets from a donor shall require the prior written approval of the Chief Financial Officer and the Vice President, Development. Such approval shall generally be restricted to situations in which the asset to be acquired is one that will be used by the Charity in its program or that can be readily disposed of for cash within a reasonable time.
- **Gift Annuities.** The Charity shall issue charitable gift annuities to donors, in exchange for their contributions, using annuity rates published by the American Council on Gift Annuities.
- **Partnership and Other Liabilities.** The Charity will not accept interests in partnerships or other investment entities exposing the Charity to liability, including the obligation to provide capital contributions or other funding for the investment, without adequate indemnity from the donor to fulfill those obligations.
- **Real Estate.** While the Charity encourages gifts of real estate, potential liability of the Charity arising from real estate should be minimized pursuant to procedures to be adopted by the Development Committee.

#### VIII. Reporting and Valuation Standards

- **Reporting.** For campaign and other reporting purposes, the Charity shall use the National Committee on Planned Giving Guidelines for Reporting and Counting Gifts ([www.ncpg.org](http://www.ncpg.org)).
- **Valuation of Planned Gifts.** To evaluate the Charity's planned giving program and to compare the relative value of various planned gift approaches, the Charity shall utilize the National Committee on Planned Giving Valuation Standards for Charitable Planned Gifts.

#### IX. Ethical Standards

The Charity is committed to the highest ethical standards. Development staff at all levels of the organization shall adhere to the Model Standards of Practice for the Charitable Gift Planner adopted by the American Council on Gift Annuities and the National Committee on Planned Giving.

## X. Delegation

- **Staff.** Implementation of these policies is delegated to the Vice President, Development, of the Charity, who shall be responsible for oversight of the acceptance of all gifts by the Charity.
- **Development Committee.** The Board of Directors shall delegate to its Development Committee the responsibility of approving Gift Planning and Acceptance Procedures to implement these policies. The Vice President, Development, who shall be an *ex officio* member of that committee, may from time to time propose to the committee revisions to the procedures.

## XI. Approval of Exceptions

Acceptance of gifts to the Charity in a manner that is in any way inconsistent with this statement of policy must be approved in writing by the Vice President, Development, who shall report such exceptions to the Board of Directors at its next regular meeting.

## XII. Periodic Review

- **General.** A committee of the Board of Directors, and of which the Vice President, Development, shall be a member, shall periodically (but no less frequently than every five years) review these policies to ensure that they continue to accurately describe the policies of the Charity with respect to acceptance of charitable gifts, and shall propose to the full Board of Directors for adoption those revisions that the Committee shall determine to be necessary or appropriate in order for the Statement of Policy to accurately reflect the policies of the Charity.
- **Specified Review.** These policies shall be reviewed and ratified by the Board of Directors each time the Board determines that the Charity will embark on a capital or other fundraising campaign. These policies shall also be reviewed upon the enactment or promulgation of legislation or regulatory rules affecting fundraising and gift acceptance by the Charity, to assure continued compliance by the Charity with relevant legislation and rules.